

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 543 – HB 691

March 30, 2015

SUMMARY OF ORIGINAL BILL: Requires any barber school or school of cosmetology that seeks state authorization for the purposes of meeting institutional eligibility requirements for federal student financial aid programs to be subject to the requirements of the Postsecondary Education Authorization Act of 1974.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$10,000/THEC

SUMMARY OF AMENDMENT (005040): Deletes all language of the original bill. Requires any barber school or school of cosmetology, that seeks state authorization from the Tennessee Higher Education Commission (THEC) for the purposes of meeting institutional eligibility requirements for federal student financial aid programs, to be subject to the requirements of the Postsecondary Education Authorization Act of 1974. Prohibits the State Board of Cosmetology and Barber Examiners from issuing new authorizations for the purposes of federal financial aid to new schools after July 1, 2015. Any authorization for such purposes that was issued by the Board prior to July 1, 2015, shall remain valid until authorization is granted by THEC or until June 30, 2016, whichever is earlier. Any postsecondary authorization for the purposes of eligibility for federal financial aid that were issued by the Board prior to July 1, 2015, shall be held as invalid if a school fails to meet certain conditions. This part is repealed on June 30, 2016, after which all postsecondary authorizations for eligibility to federal financial aid shall be issued by THEC. Sets forth a process for hearing for claims of loss or damage as a result of a school's failure to properly follow the requirements of this bill. This process shall be repealed on June 30, 2016, after which THEC will issue all new and renewed authorizations for the purposes of federal financial aid.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The Board of Cosmetology and Barber Examiners will continue to issue licenses for such schools to operate in Tennessee.
- THEC's authorization will only be for the purposes of participation in federal financial aid.

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- There are currently 20 barber and cosmetology schools that are authorized by the Board for the purposes of participation in federal financial aid programs.
- All 20 schools will annually file for reauthorization from THEC in order to be eligible to participate in federal financial aid programs.
- The annual fee charged by THEC for authorization is estimated to be \$500.
- New barber and cosmetology schools will open in future fiscal years and will also participate in federal financial programs; requiring payment to THEC.
- Based on information received from the Tennessee Higher Education Commission (THEC), the recurring increase in state revenue from annual authorization fees paid by additional schools that fall under the act is estimated to exceed \$10,000 (\$500 x 20).
- THEC will authorize such schools without an increase in personnel or a reduction in its reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding", written in a cursive style.

Jeffrey L. Spalding, Executive Director

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